2003 Reliability Plan

Table 1 provides a breakdown of the 2003 planned Capital and O&M expenditures (in constant 1998 dollars.) The Company prepares detailed budgets only for the current year, which do not reflect loadings. The reliability plan for 2003 provides a more detailed level of discussion pertaining to the activities that IP will undertake during the year to address reliability concerns. Because IP's detailed budget process only covers one year, these numbers may vary from previously provided estimated expenditures to reflect known and current plans. The 2003 estimated expenditures reported in the Company's 2001 report were extrapolated based on approved 2002 expenditures and historical performance.

Table 1 2003 Capital and O&M Planned Expenditures

Categories	Capital Expenditures (000s)	O&M Expenditures (000s)
TRANSMISSION		
Maintain/Upgrade/Operate/Build	$2,160	$610
Rebuilds Due to Condition/Capacity (lines)	$2,336	$1,105
Vegetation Management	$0	$1,245
DISTRIBUTION		
Maintain/Upgrade/Operate/Build	$11,399	$17,221
Rebuilds Due to Condition/Capacity (lines)	$11,838	$835
Vegetation Management	$0	$11,660
	$27,733	**$32,676**

Substation RCM

In 2003, substation load readings will be collected using handheld devices. These handhelds are currently being used for preventive maintenance order processing. When these handhelds are synchronized with the server, readings are automatically posted to the Load Summary module in Distribution Database. This will help assure tracking of the readings, eliminate unnecessary handoffs, and supply results and information in a timely fashion.

Capacity Planning

Ongoing system planning studies are performed to help ensure the integrity of the T&D system. These efforts include preparing electric load forecasts, monitoring facility loadings, evaluating the system impacts of proposed generating units, and identifying required system reinforcements and expansions. Although not readily quantifiable, the reliability improvements associated with capacity-related system reinforcements and expansions include the following:

- Reduced risk of equipment failure due to overload
- Improved reserve capability and correspondingly, reduced outage duration
- Facility upgrades, which can also address condition issues

Proactive Protective Device Coordination

Illinois Power is in the fifth full year of a distribution circuit proactive protective device coordination program. Under the program, approximately 10% of the Company's distribution circuits are analyzed each year. The scope of this effort includes identifying the system changes and upgrades needed to prevent protective device overload, ensuring proper coordination between protective devices, and avoiding the exceedance of the device interrupting capacity. Review of the circuits scheduled for analysis during a specific year is an ongoing process. Based on additional knowledge, such as customer load requirements, or changing priorities, circuits may either be delayed or moved up on the review list. The program is viewed as one of the measurements of IP's improving SAIFI trend by reducing the frequency of customer interruptions by protective device misoperations. In 2002, IP combined five of the WPCs with the proactive coordination efforts. IP will analyze 84 circuits in 2003 as part of this program.

Forestry

IP will maintain a four-year trim cycle in 2003. In addition to the regular trim cycle, field resources are instructed to evaluate vegetation conditions while on routine or emergency response work. Additionally, an entire circuit is also reviewed once every four years as part of IP's maintenance program. In 2003 IP will trim 157 circuits.

Animal Protection

In 2003, all new distribution transformers are purchased with pre-installed animal and lightning protection. IP will continue to evaluate and retrofit systems and substations as appropriate.

Circuit Patrols

IP will patrol twenty-five percent of distribution circuits in 2003.

Lightning

In addition to the ongoing pilot on 2001 WPCs, IP will participate in an EPRI study designed to assess mitigation of lightning's impact on distribution substations and equipment.

The following tables reflect estimated capital and O&M expenditures for years 2004 through 2006, based in part on 2003 approved expenditure levels and historical performance. These expenditures may vary from previously reported expenditures for years 2004 through 2005, as those projections were based on the 2002 approved expenditure levels.